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FISCAL IMPACT REPORT

SPONSOR Begaye DATE TYPED 02/21/05 HB 767

SHORT TITLE Utility Rate Change Hearings on One Protest SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 767 allows the PRC to review and set rates for generation and transmission cooperatives if one or more member distribution coop files a protest and the PRC determines there is just cause regarding the merits of the protest. Currently, 3 such protests are required to initiate a PRC review of rates.

Significant Issues

Tri-State Electric Generation and Transmission Cooperative is the only generation and transmission cooperative operating in New Mexico. Tri-State is member-owned by 44 retail distribution cooperatives operating in 4 states, including 12 coops in New Mexico. The 12 New Mexico member coops are the parties eligible to protest a Tri-State rate increase.

The 3 protest requirement for PRC review of rates became effective by statute when Tri-State G&T acquired New Mexico-based Plains Electric Generation and Transmission Coop. Prior to the acquisition, the PRC set all wholesale rates for Plains following the normal PRC procedures for public rate hearings, though Plains claimed its submission to PRC rate setting was voluntary.

FISCAL IMPLICATIONS

There will probably be additional rate cases, since only one protest has to be made to a Tri-State rate increase to trigger a hearing. The additional resources required will be minimal.

OTHER SUBSTANTIVE ISSUES

Tri-State has had 3 rate increases since it acquired Plains Electric G&T. Each rate increase has had at least one protest, but never the 3 necessary to initiate a PRC review of rates.

DW/lg